

69-3917

OGC 69-1491

21 August 1969

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT: Establishment of a Voluntary Employee Savings and Investment Program

1. This memorandum contains a recommendation in paragraph 17 for the approval of the Executive Director-Comptroller.

2. The special task force authorized by the Executive Director-Comptroller to develop a plan for a voluntary employee savings and investment retirement program has developed such a plan which is described below and in the attachments.

Development of Program

3. Since 4 October 1968, the task force and its predecessors have investigated the kinds of tax exempt retirement and savings plans available and the experience of many plans in effect in other organizations. Particular attention was devoted to the TAKE STOCK Plan of the Tennessee Valley Authority which, as far as can be determined, is the only voluntary investment plan sponsored by a U. S. Government employer. Two visits were made to TVA in Knoxville, Tennessee, and TVA's retirement board permitted us to examine their program in detail.

4. For advice on investments the task force has consulted two New York Stock Exchange member brokers, officers of Bankers Trust Company in charge of pension trusts, the Senior Vice-President (Investments) INA Corporation and INA officers in charge of pension trusts and mutual fund distribution, the investment advisory and mutual fund management firm of Scudder, Stevens and Clark, and the Chairman, Presidents and senior staff of the Fidelity Management and Research Company and the Crosby Corporation, their wholly owned mutual fund distributor.

5. The OGC member of the task force and an Office of Finance representative have examined the accounting program of the TVA plan and are satisfied that a satisfactory accounting and computer program can be developed by the Agency. Legislative Counsel has briefed the staff chiefs of all four CIA subcommittees, and they foresee no objection to the program. The OGC member of the task force has consulted the Chief, Pension Trust Branch, IRS, who sees no problem in qualifying the type of plan we propose. The Office of Security has no objection to the proposal provided that the identities of members of the plan are not disclosed outside of the Agency. This requirement can be met with little difficulty.

Description of Plan

6. Drafts of the proposed trust and plan are at Attachment A. This is an internally trustee plan like that of TVA. Six trustees will be appointed from among Agency employees by the Deputy Director. The trustees bear legal responsibility for operation of the plan and investment of the members' contributions. Investments are owned by the trust for the benefit of the members who hold units in the trust. Expenses are borne by the Agency except that sales commissions and investment management fees are paid by the members through charges deducted from each investment and from the net assets invested. CIA may terminate the plan at any time.

7. Participation in the plan is limited to U. S. citizen employees who have at least three years of Agency service and who are members of the Civil Service or CIA Retirement Systems. Members of the retirement systems are the vast majority of Agency employees, but this requirement will eliminate most short-term or temporary employees. The three-year service limitation is included to reduce the administrative burden by excluding those employees among whom turnover is greatest. The citizenship requirement will eliminate tax and security problems which inclusion of aliens might cause.

8. While the board of trustees will be responsible for investment of members' contributions, they are limited to investment in specified mutual funds or short-term U. S. Government securities and, thus, will have no responsibility for purchase and sale of individual stocks. They will consult the broker-dealer and the mutual fund management company periodically and from time to time may

offer changes or additions to the investment options available to members. The plan provides for one of its savings funds to invest in short-term Government securities so that members who wish to freeze their investments in preparation for retirement or at a time when the stock market seems unusually risky, may have an alternative other than withdrawing from the plan.

9. The minimum contribution is set at \$10 per biweekly pay period in order to avoid the administrative burden and expense of very small investments. The maximum contribution is 10 percent of basic salary. Internal Revenue regulations limit the maximum to 10 percent of gross compensation, but OCS and the Office of Finance feel that the basic salary standard will be much easier to administer. A further exception will permit a member who has contributed less than 10 percent of his basic salary to make additional contributions at a later date to bring his aggregate contributions up to the 10 percent limit for all the years in which he has been a member of the plan. This exception was made possible by a Revenue Ruling issued in May 1969, and the task force feels it is a desirable option to permit employees to put additional funds into this tax sheltered investment when their personal financial circumstances permit.

10. Normally, a member will withdraw his equity in the plan at the time he separates from the Agency. If he waits until separation to withdraw, the excess of the value of his equity over his contributions will be taxed as a long term capital gain. There is also a provision for partial or entire withdrawal of a member's equity while he is still employed. However, in such a case the increment in his investment will be taxed as ordinary income, and there will be a limitation on his right to again become a member of the plan. A member who needs or wishes to discontinue his periodic contributions may do so without withdrawing his equity and may reinstate his contributions at any time. The member may name his beneficiary and may elect distribution of his equity to himself or his beneficiary in a lump sum, in installments or in shares of a mutual fund in which the trust is invested or another mutual fund sponsored by the same investment adviser.

11. The plan also provides for the member to borrow against his equity under such terms as may be prescribed by the board of trustees. This is not a common privilege in such plans, but the task force feels that a member needing cash should be in a position to use his equity in the plan without suffering the penalties of premature withdrawal. Loans would not be made by the trust, but rather by a

bank, credit union, or other lender approved by the trustees. The task force has discussed this provision with the manager of the Northwest Federal Credit Union and the task force member who is a director of the Credit Union. They believe the Credit Union will be able to accommodate loan requirements under this provision and, therefore, there need be no security problem for any employee of the Agency who wishes to borrow against his equity.

Selection of Investments

12. The basic premise of the task force was that the investment responsibility of the task force and of the trustees should be limited to the selection of competent professional investment managers. In the case of mutual funds, the selection of a manager may automatically include the selection of a particular fund, but in no case would the trustees recommend or select individual investment securities. Accordingly, the task force met with officers of five investment specialists representing stockbrokers, trust companies, insurance companies, investment advisers, and mutual funds. Several of these companies made thoughtful presentations which were responsive to our needs and resulted in the decision to offer mutual funds as the initial investment medium. The task force and all of its advisers felt that either mutual funds or a managed portfolio of stocks and bonds were the only appropriate investment mediums for a plan of this kind, at least in the beginning. Mutual funds offer some advantages over the special portfolio. Some funds are available which are managed by organizations responsible for the investment of billions of dollars for mutual funds, institutions and individuals. Such organizations can afford the best investment management talent which is scarce and expensive. They also may have the best entree to the rest of the business and investment community which provides much of the information essential to productive investment. A large mutual fund family offers flexibility to the plan or individual who may wish to switch or expand his investment objectives. Funds have appeal to many people who have not had the time or inclination to invest in stocks. Quotations are printed daily in most newspapers, and the comparative performance of every fund is a matter of public record. Finally, they offer the most conclusive means of placing investment management in the hands of independent professionals rather than under the control of Agency employee trustees. A special portfolio supervised by a professional investment adviser also has some advantages and may be preferred by more sophisticated investors. The decision to start our plan with mutual funds does not preclude the later addition of a separate portfolio.

13. INA Security Corporation was selected as our broker-dealer (Attachment B), and after further consultation they recommended use of the Fidelity Group of Mutual Funds, managed by the Fidelity Management and Research Company of Boston (Attachment C). After spending a day with Fidelity officers, portfolio managers, and analysts, the task force concurred in INA's recommendation and selected the Fidelity Trend Fund and the Everest Fund as the investment mediums to be offered initially to employees (Attachments D and E).

14. The Fidelity Group, which was established in 1930, is well known and respected in the investment community. It supervises over four billion dollars' worth of investments for more than five hundred thousand investors through six mutual funds currently being offered to the public, five mutual funds not sold publicly, and through Fidelity Management and Research Company, a registered investment adviser serving individual and institutional clients (Attachment F). The six mutual funds currently offered provide a wide choice of investment objectives should the Agency plan wish to offer additional options. These funds may be exchanged for each other without commission charges and, therefore, will permit a retiring employee to take his equity in a fund not available in the plan but which may better meet his retirement needs. Fidelity can be expected to offer new mutual funds from time to time as their investment theories are proven through trial periods of private investment. The task force was impressed with the breadth and diversity of investment methods and theories among Fidelity's analysts and portfolio managers, the initiative and independence of the staff encouraged by the company, and the fact that there appeared to be many able and talented employees in all levels and age groups, promising continuity of good management.

15. The task force proposes that the Agency investment program initially offer the Fidelity Trend Fund and the Everest Fund, as well as the option of investment in short-term Government securities. Fidelity Trend is a large fund with the primary objective of capital appreciation. It invests mostly in common stocks of both established companies and smaller, less well known companies (Attachment G). Everest is a small and newer fund seeking modest but growing income plus capital appreciation through common stocks and convertible securities as well as investments in situations which cannot be effectively exploited by large funds (Attachment H). We believe these two mutual funds provide prudent investment management and opportunity for long-term capital appreciation and offer sufficiently contrasting investment objectives and methods to give the employee meaningful options.

Administration

16. The overall responsibility for day-to-day management of the Voluntary Investment Plan should be given to the Deputy for Special Programs of the Office of Personnel. This is consonant with present functions in the area of employee benefit programs. The details of accounting and record-keeping are being worked out by the Offices of Personnel and Finance. The methods used should follow the TVA system closely. The task force recommends the use of computer processing to assist in record-keeping. Indeed, there is no practical alternative other than the broker-dealer providing all services, which is not feasible because of security considerations. Initial costs will include 13 man months of programming and systems work, plus the man hours necessary to promote the plan, enroll participants, and establish the files. Continuing costs will include about six hours of computer processing a month and continuing part-time attention from various personnel in the Offices of Finance, Personnel, and Computer Services. Such part-time service will be complementary to the present duties of these personnel, and TVA has found it unnecessary to add any personnel or overtime work to administer its plan. Until the plan is in operation, we will not be certain that our experience will be the same; but with the possible exception of the start up period, it seems unlikely that a substantial portion of any employee's time will be needed to manage the program.

Recommendation

17. The task force recommends that the Executive Director-Comptroller approve the establishment of a voluntary employee savings and investment plan in the form set forth in the draft Trust Agreement and Plan, dated 7 August 1969, attached hereto.

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Deputy Chairman
Investment Plan Task Force

Attachments:

A - H

OGC 69-1491

CONCURRENCE:

SIGNED R. L. Bannerman

Deputy Director for Support

25 SEP 1969

Date

The recommendation in
paragraph 17 is approved

Executive Director-Comptroller

Date

OGC:JDM:bg

Distribution:

Orig - Ch/Investment Plan Task Force, w/att A-H

1 - ExDir-Comp, w/o att

1 - ER, w/o att

1 - DDS, w/o att Chrono. Subject *with background* (DD/569-3407)

1 - Each Member of Task Force, w/att A-E

Approved For Release 2006/05/23 : CIA-RDP84-00780R003000070004-0

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19 June 1969

MEMORANDUM FOR: Members, Investment Task Force

SUBJECT: John Penland's Comments on Everest Fund Proposal

1. Penland telephoned me on 18 June to discuss our preference for the Everest Fund over the Puritan Fund. He said that he might have recommended Everest except that being a very new fund, small, and aggressively managed, he did not feel as comfortable with it for income oriented accounts as he did with Puritan. Personally, he does not think too much of a mainly income objective for a mutual fund but felt that we, like perhaps the majority of fiduciaries, thought it necessary to offer an income fund to balance our plan. He would be perfectly happy to see the plan offer nothing but the Fidelity Trend Fund.

2. I mentioned our feeling that we may have misled him in discussing our proposal to have an income fund. We believe that the objective of all members of the plan is long term growth, and the real option is between the means of achieving such growth. From this point of view, it would make more sense to offer as an alternative to the capital gains oriented fund another fund which seeks more income but which does it in a manner which is more likely to also achieve capital gains than is a strictly income oriented fund. I also said that another reason for offering a second fund of any kind was the thought that a voluntary plan should provide the member with some options.

3. In view of my explanation of our reasons for preferring Everest, Mr. Penland felt that he should not try to talk us out of it. He pointed out that the yield on Puritan probably would be a little better than that on Everest. Nevertheless, Puritan has out performed all but 29 growth funds in the last ten years, when a comparison is made of a \$10,000 investment placed on a withdrawal plan, and has out performed all but 56 growth funds in the same period on the basis of change and net asset value of an original investment of \$10,000. In other words,

Puritan Fund has been a good performer from the point of view of growth as well as in achieving income. These figures may not be quite as impressive as one might think since the number of funds which have been in existence for ten years is only a fraction of those in existence now.

4. Penland did point out that Everest states as its income objective a yield equal to that on the Standard and Poors Composite Index. In 1968 its yield of 3 percent compared to a 2.9 percent yield on the S&P. In the same year, Puritan's yield was about 4 percent. Mr. Penland feels that as long as Everest remains a small fund (perhaps under 150 million dollars) and the market remains the kind it has been for the last several years, Everest can be expected to out perform Puritan, while at the same time yielding nearly as much. It is the sort of fund that does not have as much down-side protection in a falling market such as today's.

5. Another factor that Penland normally would consider in recommending a fund is the make-up of the group which will participate in the plan. We never went into this with him; however, he assumes, probably correctly, that our participants, as compared to most Government or industry employees, will have higher average incomes, better educations, and be somewhat more sophisticated about investments. These factors probably favor offering Everest instead of Puritan. He also pointed out an advantage that we had not discussed; namely, that Everest will provide an option between a very large fund and a very small one which may be a meaningful option to many people.

6. It was agreed that this was a subject for discussion with Fidelity next week, and he has arranged for the portfolio managers of Fidelity Trend, Puritan, and Everest to be available. We will meet with William Kallenberg, President of the Crosby Corporation, and Harry Telian on the Tenth Floor of the State Street Building, 225 Franklin Street, Boston, between 9:30 and 10:00 a.m., Monday, 23 June. Mr. Penland will not be there but he will be in Washington Monday, 30 June, and I have made tentative arrangements for him to meet us that afternoon.

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24 June 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Fidelity Group on Fund Selection

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1. On 23 June, the undersigned, accompanied by [redacted] met with representatives of the Crosby Corporation (general distributors of the Fidelity Funds), and of the Fidelity Management and Research Company (the funds management) in Boston. The purpose was twofold: (1) to form an impression of the depth and competence of the Fidelity management, and (2) to try to firm up the choices of funds which will be incorporated in the plan for a voluntary supplementary retirement income. Personnel contacted are listed in an attachment. Mr. John Penland of INA arranged the meeting.

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2. My general impression of the Fidelity Management was most favorable. They have a good deal of depth, and the management team is not concentrated at a single age group.

a. Fidelity Trend Fund, (assets, \$1.3 billion) the growth fund tentatively selected, is operated by three senior managers -- Ross Sherbrooke (whom we did not meet), Richard Smith and Nathaniel Weiner. During its best performance period, it was managed by E. C. Johnson III, now Director of Funds, who undoubtedly keeps a close watch on it.

b. Everest Fund, (assets, \$55 million) a small but rapidly growing fund, combines income and growth objectives. It is managed by James McManaway, a somewhat unorthodox but obviously capable middle-aged operator who has been with Fidelity Management about 15 years. He expects that Everest will outperform Puritan Fund over the next several years, and he may well be right. Everest's portfolio is predominately in lesser known convertibles (non-insurance company types of issues). It engages in arbitrage operations and has some common stocks with growth potential.

c. Puritan Fund (assets, \$800 million) has been the traditional Fidelity income fund, although growth has been a secondary objective. Apparently the former manager of

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Puritan has retired and it is being run by Mr. Frank Parrish, who for five years was the number two. Parrish is not, in my view, a person likely to bring sparkle to Puritan; he seems a somewhat conservative individual.

3. All Fidelity Funds are overseen by an Investment Committee made up of the Johnsons, George Sullivan and others of top management. Reporting to the Investment Committee are the Research Department, concerned with the analysis of individual securities, and the Market Committee, which analyzes the market's performance to select appropriate buying periods for all securities. The Research Department has about 40 analysts, including some management personnel, and most senior personnel start in it.

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Deputy Chairman
VESIP Task Force

Attachment:

All Task Force Members

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ATTACHMENT

Crosby Corporation

(617) 423-6150

Mr. William G. Kallenberg, Executive Vice President

Mr. Harry B. Telian, Special Projects

Mr. ~~Edward Sipple~~ (sp?), Attorney EDWARD G. SIPPEL

Mr. Richard^N Bail (sp?), Independent legal counsel who
handled legal aspects of the TVA plan.

GASTON, SNOW, MOTLEY
AND HOLT
82 DEVONSHIRE ST.
BOSTON 02109
(617) CA 7-3180

Fidelity Management and Research Corporation

Mr. E. C. Johnson II, Chairman of the Board

Mr. D. G. Sullivan, President

Mr. E. C. Johnson III, Executive Vice President

Mr. George McKenzie, Director of Funds

Mr. Richard Smith } Fidelity Trend Fund
Mr. Nathaniel Weiner }

Mr. James C. McManaway, Manager, Everest Fund

Mr. Frank Parrish, Manager, Puritan Fund

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DRAFT

7 August 1969

TRUST AGREEMENT FOR ESTABLISHMENT OF A GOVERNMENT
EMPLOYEES VOLUNTARY INVESTMENT PLAN

THIS AGREEMENT AND DECLARATION OF TRUST, made
this _____ day of _____ 1969 by and between the Central Intelligence
Agency, hereinafter referred to as "CIA", and the Board of Trustees
of the Voluntary Investment Plan, hereinafter referred to as the
"Board".

WITNESSETH:

1. The CIA hereby establishes, effective _____, a plan
for savings and investment by certain of its employees in order to
provide additional and more flexible retirement and related benefits
for those employees who desire to participate in the plan. This plan
shall be known as the "Voluntary Investment Plan", hereinafter
referred to as the "Plan", and shall constitute an employees' pension
trust, separate and apart from the CIA Retirement System and the
Civil Service Retirement System.

2. The Plan shall be maintained and administered by a Board
of Trustees who shall invest the money in the Plan and make payments
to participants or their beneficiaries in accordance with the Terms

and Conditions of the Plan, hereinafter referred to as the "Terms and Conditions".

3. The Board shall consist of six employees appointed by the Deputy Director of Central Intelligence for terms of three years, except that the Deputy Director shall appoint two of the original trustees for terms of one year and two of them for terms of two years. The Deputy Director shall designate one of the trustees to be Chairman of the Board. The Deputy Director shall appoint successor trustees to fill interim vacancies, and they shall serve for the remainder of the terms of the trustees they succeed.

4. All expenses of this trust and the expenses of administering the Plan shall be paid by CIA but, to the extent that such expenses may not be paid by CIA, they shall be a charge against the Plan and shall be paid by it. Expenses relating to a particular savings fund of the Plan may be charged against such fund as if it were a separate trust.

5. CIA shall make deductions from the compensation of participants in the Plan in accordance with the Terms and Conditions and shall pay the same to the Board or its designees.

6. CIA may terminate the Plan at any time; and in that event, the Board will liquidate the assets of the Plan and will distribute the proceeds among the members and beneficiaries or will distribute the assets in kind as provided in Article 7 of the Terms and Conditions.

7. The Board accepts this Declaration of Trust and agrees to administer the trust in accordance with the provisions hereof.

8. This agreement may be amended by mutual consent of CIA and the Board, but no amendments may be made which will diminish the equity the participating member has theretofore acquired in the Plan.

IN WITNESS WHEREOF, CIA and the Board of Trustees have caused this agreement to be executed as of the day and year first above written.

BOARD OF TRUSTEES OF THE
GOVERNMENT EMPLOYEES
VOLUNTARY INVESTMENT PLAN

CENTRAL INTELLIGENCE
AGENCY

Chairman

Richard Helms, Director

Approved and accepted by the undersigned who constitute in its entirety the Board of Trustees of the Government Employees Voluntary Investment Plan as of the date of this Trust Agreement:

TERMS AND CONDITIONS OF THE GOVERNMENT EMPLOYEES
VOLUNTARY INVESTMENT PLAN

Article 1

Definitions

1. "Investment Plan" or "Plan" shall mean the Voluntary Investment Plan for certain employees of the Central Intelligence Agency as herein established.
2. "Member" shall mean an employee or former employee of the Central Intelligence Agency holding equity in the Investment Plan.
3. "Board" shall mean the Board of Trustees of the Investment Plan.
4. "Savings Fund" or "Fund" shall mean a segregated fund, the assets of which are invested exclusively in securities or deposits designated by members contributing to such fund.
5. The masculine pronoun wherever used shall include the feminine pronoun.

Terms and Conditions

Article 2

Eligibility

1. Any United States citizen employee of CIA whose cumulative Agency service, including employment on detail from another Government agency or military service, is at least three years and who is a participant in the Central Intelligence Agency Retirement System or the Civil Service Retirement System may elect to participate in the Investment Plan by filing with the Board the prescribed form. Such participation shall begin as soon as practicable after the Board's receipt of the form.

Terms and Conditions

Article 3

Savings Funds

1. The Board shall establish one or more Savings Funds to which the contributions made by the members shall be credited in accordance with their respective designations together with all income earned or gains realized on the assets held in the respective Funds. The assets of each Fund will be segregated and invested in shares of a regulated investment company selected by the Board or in short term securities issued by the United States of America, or deposited in either interest bearing or non-interest bearing accounts in banks or savings and loan institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

2. Each Fund will be established with a stated investment purpose and investment medium which shall be made known to all members of the Plan and offered to them as an investment medium for a designated portion or all of their individual investment in the Plan. Each of the Funds shall constitute a separate trust and shall be used exclusively for payment of benefits to the members in the Fund or their beneficiaries.

Terms and Conditions

Article 4

Contributions

1. Each member may contribute to one or more of the Savings Funds through payroll deductions; provided that each contribution shall be in whole dollars and not less than \$10 per biweekly payroll period for each Fund in which he participates; and provided that such payroll deductions may not exceed 10% of his basic salary for the pay period. However, a member may make contributions in excess of 10% of his basic salary for any pay period so long as the total of his contributions for all years does not exceed 10% of his aggregate basic compensation for all years in which he was a member of the Plan. The Board may require such excess contributions to be made by a method other than payroll deductions.

2. A member may from time to time modify, suspend or reinstate his contribution to the Investment Plan, change his current contribution from one Savings Fund to another, or transfer his previously acquired equity in one Fund to another, subject to such limitations as the Board may prescribe.

3. The equity which a member acquires in the assets of any Fund shall be expressed in units. If the Fund holds investment company shares, each unit shall be the equivalent of one share of the

investment company in which the Fund is invested. The Board will determine the equity which a member acquires by his contributions to a Fund holding investment company shares by dividing the participant's contributions by the cost of the shares purchased for the Fund at the time the member's contributions are used to purchase such shares, provided that such purchases shall be made not less often than monthly.

If the Fund holds cash or securities other than investment company shares, each unit shall be valued at one dollar when the Fund is first established and thereafter the Board shall, not less frequently than once each month, determine the value of a unit by dividing the fair market value of the assets of such Fund by the total number of units.

After withholding any expenses not paid by CIA, any dividends, interest or capital gains earned on the investments of any Fund will be prorated among the members' accounts on the basis of their respective equities in the Fund. The Board will maintain appropriate accounts showing the equity of each participant in each Fund.

Terms and Conditions

Article 5

Distribution of Equity

1. A member's equity in the Investment Plan normally shall be distributable at the time of the member's separation from the service of the Central Intelligence Agency. A member retiring from the Central Intelligence Agency who is entitled to an immediate annuity under the Civil Service Retirement System or the Central Intelligence Agency Retirement System and any member separating from the Central Intelligence Agency after his 50th birthday may, with the Board's approval, elect to defer distribution of his benefits and selection of the method of distribution to a date not later than his 66th birthday.

2. The member may select the method of distribution of his equity in the Plan which may be: (a) installment payments in such amount and over such period as may be requested by the member and as can be conveniently arranged by the Board at the member's expense through a custodian, (b) transfer to the member of shares of equivalent value in an investment company or companies in which any of the assets of the Plan are currently invested, subject to investment policies and practices then in effect, (c) a lump sum payment, or (d) any other method desired by the member and acceptable to the Board and not contrary to Internal Revenue Regulations.

3. On the death of a member, his equity in the Plan shall be paid to the beneficiary or beneficiaries designated by him to receive his equity in the Plan and if no beneficiary has been designated, to the executor or administrator of his estate. The member may select the method of distribution to his beneficiary or beneficiaries from any of the methods provided in paragraph 2 of Article 5; and, if the member has not selected a method of distribution, the beneficiary may do so. A beneficiary may, with the Board's approval, elect to defer distribution of his benefits to a date not more than one year after the death of the member.

4. A member whose current period of participation in the Plan is as much as one year, may, with the Board's approval, withdraw in a lump sum a portion or all of his equity in the Plan, provided that a partial withdrawal may not be less than \$500. If the member withdraws a portion of his equity in the Plan, he shall not be permitted to make another partial withdrawal or further contributions thereto until one year after such withdrawal; if he withdraws his entire equity, his participation in the Plan shall cease and he shall not be eligible again to participate earlier than two years following such withdrawal.

5. The liquidation in whole or in part of a member's equity in the Plan in order to make a lump sum payment or transfer shall be made on the basis of the redemption value of the Funds in which he holds equity as of the next transaction for each Fund after the Board

receives the member's or beneficiary's election of a lump sum payment or transfer. However, where a member or beneficiary has elected a deferred distribution after the separation, retirement or death of the member, the assets shall be valued as of the transaction for each Fund next preceding the date of distribution. Arrangements for payment of the member's equity in installments through a custodian or by transfer of shares in an investment company shall be completed by the Board as soon as practicable and on the basis of values at the time such arrangements are effected. Any portion of a member's contributions to a Fund which at the time of liquidation of his equity therein is not reflected in his equity account shall be refunded to the member or his beneficiary, as the case may be.

Terms and Conditions

Article 6

Loans to Members

1. Upon application of a member, the Board may, in its sole discretion and under such terms as it may prescribe, authorize the use of the member's equity in the Investment Plan as collateral or security for a loan by the member from a bank, credit union, or other lender approved by it.

2. The Board may deposit with the lender, as collateral, securities or other assets of Funds in which the member has invested or may guaranty the loan on the basis of such assets, provided that no guaranty may obligate the Board for an amount in excess of the value of the member's assets in the Plan at any time such loan becomes due and payable.

3. The outstanding balance of a loan secured or guaranteed by a member's equity in the Plan shall be a lien against his equity; and, in the event of his default on the loan or his death while a loan balance is outstanding, the Board shall discharge the member's indebtedness from any of the assets of the Plan to the extent of the member's equity in such assets.

Terms and Conditions

Article 7

Termination of the Investment Plan

CIA may terminate the Investment Plan at any time and, in that event, will either liquidate the assets of any or all of the Funds and distribute them among the members and beneficiaries or distribute them in kind. Distribution in cash or in kind will be in proportion to the respective equities of the members and beneficiaries in each Fund.

Terms and Conditions

Article 8

Amendments to Terms and Conditions

These Terms and Conditions may be amended by the Board from time to time, provided the Board gives at least 30 days' notice of the proposed amendment to CIA and to the members. CIA may, by notice in writing addressed to the Board within said 30 days, disapprove any such proposed amendment and, in that event, it shall not become effective. No such amendment may diminish the equity which a member has theretofore acquired in a Savings Fund.

Terms and Conditions

Article 9

General Provisions

1. The Board shall have the right to establish and carry out such rules, regulations and procedures as in its discretion may seem necessary or convenient to carry out, interpret, or implement the provisions of this Plan. No rules, regulations or procedures shall be adopted which are discriminatory under the provisions of the Internal Revenue Code.
2. Except in those cases where power is expressly reserved to, or to be shared with, the Central Intelligence Agency, the Board shall have full power and authority to determine all matters arising in the administration, interpretation, and application of the Plan; and the determination of any such matter by the Board shall be conclusive on all persons.
3. In all matters of administration of the Plan which require the Board's approval or otherwise involve its discretion, the Board shall act in a manner which will achieve, insofar as practicable, uniformity of treatment among all the members.
4. Applications for, or elections of, benefits, including the withdrawal of contributions, and designations or changes of beneficiary shall be made on such forms as shall be prescribed or authorized by the Board.

5. Any designation of beneficiary may be changed by the member at any time or from time to time during his life by signing and filing with the Board a written notification of change of beneficiary in such form as shall be required by the Board. The designation of a member's spouse as the beneficiary to receive any benefit payable upon the member's death shall be automatically revoked by a final decree of divorce dissolving their marriage. This provision shall not prevent the member from redesignating the divorced spouse as the beneficiary by filing a new designation form for that purpose.

6. To the extent permitted by law, the sale, transfer, anticipation, assignment, pledge, or any kind of encumbrance of trust assets or benefits will not be permitted or recognized, and neither trust assets nor benefits payable to any participant or beneficiary shall be subject to attachment or other legal process for or against a participant or beneficiary. The provisions of this paragraph shall not be applicable to the terms of any note or other instrument entered into pursuant to the provisions of Article 6 (Loans to Members) nor shall they be construed to restrict in any way the encumbrance of assets as collateral or security as therein contemplated.

7. Neither the Board, the Central Intelligence Agency, nor any officer, employee, or agent thereof, shall incur any liability on

account of any loss or decrease in the value of the assets of any of the Savings Funds in the Investment Plan, or in the amount of any member's equity therein, resulting from depreciation in the value of, or earnings on the assets held.

DD/S 69-1663

14 APR 1969

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Voluntary Employee Savings and Investment Plan

1. This memorandum contains a recommendation and a request for your approval in paragraph 10.

2. The Task Force established to develop, if feasible, an actionable plan for the operation of a CIA tax-sheltered employee savings plan has progressed slowly due to limitations on the availability of key members.

3. At the present time, however, the members are individually and collectively well informed on most aspects of the mission, its requirements, and problems. There is in draft form a Trust Agreement which is the basic legal instrument under which the plan would receive approval of the Internal Revenue Service as a pension trust qualified for income tax exemption. Also in tentative form are the Rules and Terms of the CIA savings and investment plan which would govern the operation of the plan. These Rules and Terms would be incorporated, at least by reference, in the basic Trust Agreement.

4. The time is at hand when it is imperative that we tentatively identify one or several mutual fund management organizations having funds deemed appropriate to the investment objectives of CIA employees and the responsibilities of the CIA as sponsor of the plan. This must be done in order that direct discussions can take place to learn more accurately than one can from printed prospectuses the investment objectives and methods of specific funds and, equally important, the accounting, legal, and promotional services the fund organization is prepared to render and the costs thereof.

5. To assist the Task Force in the initial selection of the seemingly most appropriate mutual fund organizations, we would like to have knowledgeable, unbiased, professional counsel. We would also like to have professional counsel in our discussions and preliminary negotiations with the fund organizations considered serious contenders for the CIA business.

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6. [] the legal staff member of the Task Force, has specifically recommended that we use the services of the Insurance Companies of North America (INA) as our counselors in this process. The other Task Force

- 2 -

members unanimously endorse this proposal. INA has broad experience in the mutual fund field arising from the fact that they serve as brokers selling any mutual fund that a client may desire to buy in conjunction with his insurance program. Indeed, the role of impartial advisor and evaluator of mutual funds for varying investment objectives is a normal one for INA.

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7. In addition to INA's broad experience in and knowledgeability of the field of mutual funds, there are other specific factors which suggest its selection as our counselor at this time and ultimately as our broker [REDACTED]

[REDACTED] In addition, INA is in the special position vis-a-vis most other brokers we might use of having computer capability and experience in the event the Agency chooses not to carry out the all important record keeping function on an in-house basis. Finally, because of its prestige and financial influence, INA would be a powerful influence in ensuring that CIA receives optimum assistance in the development of explanatory promotional materials and administrative mechanisms.

8. It is relevant to point out that the tentative selection of INA as our broker in no way obligates the Agency or creates a permanent relationship. INA, however, may ultimately realize substantial sales commissions, but this fact would in no way increase the cost to CIA employees. The commission on the purchase of mutual funds is exactly the same whether the purchaser deals directly with the fund or goes through a broker. This is prescribed by the regulations of the New York Stock Exchange and the National Association of Securities Dealers. The purchaser, however, by designating a preferred broker can obtain assistance, advice, and services from his broker with knowledge that he is receiving adequate compensation. Failure to select a broker merely wastes the opportunity to obtain expert advice and assistance without cost.

9. The Task Force members are individually unaware of and do not believe there is any conflict of interest in suggesting the use of INA in this matter. The proposal has also been approved by the Chief, Central Cover Staff with respect to his responsibilities.

10. It is recommended that the Task Force be authorized to enlist the services of INA as counselor and intermediary in the process of selecting the mutual fund organization or organizations seeming most appropriate for the purposes of the tentative CIA pension trust. This recommendation is made with full recognition that so doing will probably place INA in the position of

- 3 -

broker in the event CIA ultimately concludes a purchase agreement subsequent to discussions and negotiations in which INA was a participant.



Chairman
Task Force on Employee Pension Trust

cc: Ea Member of Task Force



General Counsel

CONCUR with respect to absence of conflict of interest:

s/ Lawrence R. Houston

Lawrence R. Houston
General Counsel

15 APR 1969

Date

The recommendation in paragraph 10 is APPROVED:

SIGNED R. L. Bannerman

R. L. Bannerman
Deputy Director
for Support

5 MAY 1969

Date

SA-DD/S/SS/EDE:bak(14 Apr 69)

Distribution:

Orig. - Addressee (return to SA-DD/S/SS)

1 - DD/S Subject

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80 Sept.
JWE

Accounting and Record-Keeping

16. The over-all responsibility for day-to-day record keeping and accounting of the Voluntary Investment Plan should be given to the Deputy for Special Programs of the Office of Personnel. This is consonant with present functions. Control of payroll deductions and associated accounting would be delegated to the Director of Finance. The functions of record-keeping are enrollment and withdrawal of employees; fund changes; deduction changes; beneficiary information; control transactions for audit purposes; and reporting of employee account status to the employees. Accounting functions of the Office of Personnel should be limited to the receipt of funds from the Payroll operation and to the payment of funds to the broker (INA), as well as the maintenance of individual accounts. Accounting functions delegated to the Office of Finance would include payroll deductions, in conformity with instructions from OP; subsidiary ledgers listing detail payroll deductions; and issuance of checks to the fund account from the subsidiary ledger. The broker will be required to furnish an accounting for each fund of each payment received; the commission charged; the price per share as of purchase; and dividend and capital gains distributed when such actions occur.

17. The detail of the accounting and record-keeping necessary for the Voluntary Investment Plan is presented in Attachment I. The methods used follow the TVA system closely, with the exception of providing for more fund options. The Agency also must allow for three separate payroll processings until these processings are consolidated. The task force recommends the use of computer processing to assist in record-keeping. Indeed, there is no practical alternative, other than the broker-dealer providing all services, which is not feasible because of security considerations.

18. It is estimated that total continuing costs for accounting and record-keeping will amount to \$15,000 a year, and about the same amount will be needed for initial start-up costs. Initial costs include 13 man months of programming and systems work, plus the man hours necessary to promote the plan, enroll participants, and establish the files. Continuing costs include about six hours of computer processing a month, one person full time in the Office of Personnel to oversee operation, plus continuing part-time attention from various personnel in the Offices of Finance, Personnel, and Computer Services.

ATTACHMENT I

This attachment will detail the functions to be performed by the Office of Personnel, the Office of Finance, and the Office of Computer Services. Tab D is a process flow chart which shows how the system could work. The functions can be outlined as follows: Fund Management procedures and manual systems; Finance procedures; computer systems; and input/output forms.

Fund Management

Control transaction recording

Batch input transactions, balance control figures.

Establish and maintain the file of signed employee authorization for deductions.

Establish and maintain the accounting journal entries. Tab A shows an example from TVA.

Establish audit file for the broker and balance to control figures, as a part of purchase and sell arrangements. Tab B shows a TVA example.

Office of Finance Procedures

File authorizations for deductions in appropriate payroll office. Deductions will be maintained as a total amount with no fund specification.

Maintain General Ledger accounts with subsidiaries for each payroll. The pay period ledger of deductions should serve as the subsidiary ledger. One check would be written from the appropriate ledger to the Fund Management each pay period.

Transaction control would be maintained on an exception basis; i.e. no original entries required from the payrolls and only exceptions from normal reported to the Fund Management for adjustment.

- 2 -

Computer Systems

The Fund Management will require four new programs and will be a complete sub-system:

Transaction edit, error, and adjustment reporting
Master deduction file maintenance
Cumulative deduction and share distribution
Monthly and Quarterly reporting program

The Payroll Systems will be revised (five programs) and possibly two new programs will be written.

Input/Output Forms

A deduction authorization input form must be designed. A proposal is attached as TAB C. It is suggested that this form be printed in two parts, one for the Fund Management, one for Payroll retention. No transactions will be needed from the payrolls, as the original entry from the Fund management will be used as the entry to payroll programs, with payroll personnel simply balancing and auditing for verification.

The proposed computer reports are detailed below. It would help if they were read in conjunction with the process flowchart, Tab D.

1. Transaction list, Balance Controls

Contains Employee Name, Number, Fund Name, and amount of deduction for each fund, plus total deductions. Totals are shown for Balance forward deductions, net change, and new balances for each fund and overall, plus total participants for each fund and overall.

2. Payroll balance list

Demonstrates that the payroll accepted all transactions and reports above totals except individual funds, showing balances. In case of error, exceptions will be noted and correct balances forwarded.

- 3 -

3. Payroll deduction list

Lists all deductions made from employees, and shows name, number, total amount of deduction. This list will serve as the subsidiary list and back-up for the issuance of a check from OF to the Fund Managers.

4. Payroll exceptions

Lists all employees on the payroll deduction master file for whom deductions were not made. Totals deductions authorized, deductions made and difference, if any. Tape which produced report is input to Fund Master update.

5. Cumulative Fund Balances

Report shows each employee account in detail, showing previous amount contributed, previous shares purchased, monthly activity in amounts deducted and shares purchased and new balances forwarded for amounts and shares for each plan participated in by the employee. Balances for control are listed at end of report.

6. Exception list

Pinpoints any errors noted in the cumulative master update.

7. Quarterly Report to Employee

Shows total dollars contributed, total shares purchased, total shares received in dividends or capital gains for quarter, total shares held and net worth of shares at last quotation.

Puritan

1	2	3	4	5	6	7
Pay	Date	Payroll	Advance	Net	Cost	No. of
day	bought	deductions	- +	Gross	Bid per	shares
					price share	
1				316800		30590843
2	7/10 90	6914				
3		-11630	2941 3171	\$900	\$841	
4						
5	7/17 IL	1066				
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Tab A

Puritan

Pay day	Date bought	Payroll deductions	Advance		Gross	Net (99%)	Cost		No. of shares
			-	+			Bid price	per share	
1					270900				264779.2
2	10/5	div. 94 on shares held before 10/4 price 10/5							189430
3					270900			10.16	266673.58
4	10/8 TL	778							
5	10/31	-325	8793	3493	600	594	11.90	✓	49916✓
6					271500			10.16	26717274
7	11/4 SP	5516	34.93	1893	5500	5445	11.87	✓	45719✓
8					277000			10.19	27175993
9	11/1 TL	1003	12.93	1593	1000	990	12.00	✓	82500✓
10					278000			10.20	27258493
11	11/8 SP	5687	15.93	2893	5700	5643	12.19	✓	462920✓
12					283700			10.23	27721413
13	11/25 TL	1033	28.93	9593	1100	1089	12.31	✓	88465✓
14					284800			10.24	27809872
15	12/2 SP	5692							
16	12/1	902-	95.93	593	4700	4653	12.58	✓	369873✓
17					289500			10.27	28179751
18	12/9 TL	1018							
19	12/1	-2129	5.93	922	1000	990	12.56	✓	78822✓
20					290500			10.28	28258573
21	12/16 SP	5755	9.22	5422	5800	5742	12.57	✓	456802✓
22					296300			10.32	28715375
23	12/23 TL	1018	54.22	3622	1000	990	12.45	✓	79518✓
24					297300			10.32	28774893
25	12/30 SP	5714							
26	12/31	-20	36.22	4222	5700	5643	12.40		455081
27					303000			10.36	29249774
28	1/6 TL	1034	42.22	822	1000	990	12.03	✓	82294✓
29					304000			10.36	29332568
30	1/13 SP	5688	822	2022	5700	5643	11.96	✓	471823✓
31					309700			10.39	29804091
32	1/20 TL	994							
33		-36521	20.22	9143	700	693	12.13	✓	57131✓
34					310400			10.39	29861222
35	1/25 94 div on shares held before 1/2								212171
36					310400			10.32	30073393
37	1/27 SP	5744							
38		-27298	91.43	4041	5400	5346	12.24	✓	436765✓
39					315800			10.35	30510158
40	2/3 TL	1011	40.41	2741	1000	990	12.27		80685
									30590523

584 div. 10/27
12/15 pay

Fidelity Trans

Pay day	Date bought	Payroll deductions	Advance		Gross	Net (99%)	Cost		No. of shares
			-	+			Bid price	per share	
1403	12/16 SP	4234			2120600				74754140
	12/16	-32818	90.99	7717	47000	41580	33.19	✓	1757787
4005	12/19 TL	4512			2162600				78647506927
	12/13	-377	77.17	6314	4500	4455	32.44	✓	137330
145	12/16 SP	42413	63.14	5014	2167100				786575644257
	12/16				42400	41976	31.57	✓	1329617
100	12/23 TL	4533	50.14	1714	2209500				78707697327
	12/26				4500	4455	31.57	✓	141115
144	12/30 SP	42321			2214000				787177114989
	12/31	-162672	1714	6286	40800	40392	31.09	✓	1299196
					2254800				787678414185
	584 per ab. div. in 12/15 pay, 12/27								
					2254800				1373472
401	1/6 TL	4557	62.86	586	4500	4455	27.98	✓	782679787657
					2259300				159221
144	1/13 SP	42353							782671946872
		-21997	5.86	7283	42200	41778	27.77	✓	1504429
					2301500				782681451307
	Cap. gain prior to 1/13 - converted at 1/13 price								
					2301500				5725467
99	1/20 TL	4572							764087176774
		-45197	72.83	5280	4100	4059	28.28	✓	143529
					2305600				764087320303
144	1/27 SP	42352							
		-36626	52.80	6706	42000	41580	28.71		1448276
					2347600				764588768579
99	2/3 TL	4592	67.06	7506	21600	21524	23.66		158847
					2352200				764588927476
49	2/10 SP	42220							
		-55475	75.06	1001	41600	41184			
99	2/17 TL	4548							

Yours to:
 JC RO
 RSB CLJ

January 1969 Allocation of Shares and Dividends
 Month

Payroll		Amount of Purchase		Shares Per	
Payday	Deductions	Gross	Net (Less 1%)	Bid Price	Dollar Factor
1 Trend		Shares held per statement Less div. shares on #3762		78.682657 -11192	
2 Sh. held 12/31/68					
3 Sh. alloc. 12/31/68		Shares alloc. per statement Less div. sh. alloc. to #3762		78.679644 -012	78.681465
4 Advance 12/30/68		6286 (r.p. or ch. - over alloc. of 169)			78.679631
5 1- 6-69	45.59	4500	4455	2772	159221
6 1-13-69	42353	42000	41778	2777	1504429
7 1-20-69	4571	4100	4059	2828	143529
8 1-27-69	42352	42000	41580	2871	1448276
9					
10					
11 Less adv.		-6706 (67,06/42000 x 1448276)			-7311
12 Adj. att.	-5	103320			35901
13 Totals	128.02	172820			2222277
14 Puritan					0261273
15 Sh. held 12/31/68					
16 Sh. alloc. 12/31/68					28939974
17 Advance 12/30/68		4222 (3.371 - over alloc. of 0.060)			28936612
18 1- 6-69	10344	1000	990	1203	3311
19 1-13-69	5688	5700	5643	1196	82294
20 1-20-69	994	700	693	1213	471823
21 1-27-69	5744	5400	5346	1224	57131
22					436765
23					
24 Less adv.		-4041 (40.41/5400 x 436765)			-3268
25 Adj. att.	-5	65319			52803
26 Totals	13455	12115			110089
27		Dividends and Capital Gains			
28					
29 Fund	Per Share	Ex Date	Sh. Held on Ex Date	Total Amount	Reinvest Date @ Shares Obtained Sh.-per-Sh. Factor
30 Trend C.G.	100	1/3	78.682657	10292817	1/3 2776 5725467
31 Shares allocated 1/31			78.679632		61
32 Less refunds in Jan.			32378	Less C.G. shares paid	
33			78.647234		2311
34					5723156
35					072770
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TAKE STOCK Plan

Reductions of Purchases

January 1969

Cert. #	Name	Shares	Price	Total Equity	Current P/R Deductions	Total Reduction of purchase
STAT						
<u>Fidelity Trend</u>						
<u>1/13/69</u>						
3762		.626	12/23 31.62	19.79	-	19.79
		1.192 ^a		37.48	-	37.48
56994		5.418	1/10 28.01	151.76	-	151.76
		.394 ^b		10.94	-	10.94
		<u>7.630</u>		<u>219.97</u>	-	<u>219.97</u>
<u>1/20/69</u>						
38769		10.615	1/3 29.17	309.64	5	314.64
		.772 ^c		21.44	-	21.44
56512		ef) 3.859	1/10 28.01	108.09	-	108.09
		.281 ^d		7.80	-	7.80
		<u>15.527</u>		<u>446.97</u>	<u>5</u>	<u>451.97</u>
<u>1/27/69</u>						
51916		11.880	1/24 28.81	342.26	-	342.26
		.864 ^e		24.00	-	24.00
		<u>12.744</u>		<u>366.26</u>	-	<u>366.26</u>
		<u>35.901</u>		<u>1,033.20</u>	<u>5</u>	<u>1,038.20</u>
<u>Puritan</u>						
<u>1/20/69</u>						
38769		28.886	1/3 12.47	360.21	5	365.21
<u>1/27/69</u>						
51916		23.742	1/24 12.25	290.84	-	290.84
		.175 ^f		2.14	-	2.14
		<u>23.917</u>		<u>292.98</u>	-	<u>292.98</u>
		<u>52.803</u>		<u>653.19</u>	<u>5</u>	<u>658.19</u>

- a. See attachment to December allocation for computation.
- b. $5.418 \times 2.02 = 10.94$; $10.94/158,938.97 \times 5,723.405 = .394$.
- c. $10.615 \times 2.02 = 21.44$; $21.44/158,938.97 \times 5,723.405 = .772$.
- d. $3.859 \times 2.02 = 7.80$; $7.80/158,938.97 \times 5,723.405 = .281$.
- e. $11.880 \times 2.02 = 24.00$; $24.00/158,938.97 \times 5,723.405 = .864$.
- f. $23.742 \times .09 = 2.14$; $2.14/2,593.59 \times 212.171 = .175$.

YEAR-TO-DATE CONFIRMATION STATEMENT

PURITAN ACCUMULATION PLAN



FOR SHARES OF
PURITAN FUND INC.
ALL INQUIRIES SHOULD
BE DIRECTED TO
CROSBY PLANS CORPORATION
31 MILK STREET
BOSTON, MASS. 02109

REFER TO ACCOUNT NUMBER
BELOW IN ALL CORRESPONDENCE

REPRESENTATIVE

DEALER
NUMBER

STATEMENT DATE

1-044-205
IC 203 L.O.I.

0040

430

JANUARY 31, 1969

INVESTOR

DEALER

ECARD OF DIRECTORS
OF TVA RETIREMENT SYSTEM TR
VOLUNTARY RETIREMENT
SAVINGS & INVESTMENT PLAN
104 OLD POST OFFICE BLDG
KNOXVILLE TENN

COURTS & CO
BOX 1295
ATLANTA 1 GA

37902

Handwritten initials: R, R, G

CURRENT TRANSACTION

DOLLAR AMOUNT
THIS TRANSACTION

SALES AND
CREATION CHARGE

INSURANCE
CHARGE

EXPENSE
REIMBURSE-
MENT

CUSTODIAN
FEE

AMOUNT
INVESTED

5,400.00

54.00

5,346.00

DATE MO DAY	TRANSACTION	PRICE PER SHARE	SHARES THIS TRANSACTION	TOTAL SHARES
01-01	BALANCE FORWARD			20,767.825
01-08	PURCHASE	12.03	82.294	20,850.119
01-13	PURCHASE	11.96	471.823	21,321.942
01-20	PURCHASE	12.13	57.131	21,379.073
01-25	INCOME DIVIDEND @ .09	12.25	155.822	21,534.895
01-27	PURCHASE	12.24	436.765	21,971.660
01-27	PURCHASE	12.24	436.765	22,408.425

*Two portions of same amount -
we only made 1 purchase -
therefore 1 share error.*

*This is the
correct balance
1/31/69*

NEXT INVESTMENT

NUMBER AMOUNT DUE

CURRENT TOTALS

FACE PAID
AMOUNT TO DATE

STATUS OF ACCOUNT

CUSTODIAN: STATE STREET BANK and TRUST COMPANY, P. O. BOX 2296, BOSTON, MASS. 02107

TAB B

YEAR-TO-DATE CONFIRMATION STATEMENT

PURITAN ACCUMULATION PLAN



SHARES OF
PURITAN FUND INC.
ALL INQUIRIES SHOULD
BE DIRECTED TO
CROSBY PLANS CORPORATION
31 MILK STREET
BOSTON, MASS. 02109

REFER TO ACCOUNT NUMBER
BELOW IN ALL CORRESPONDENCE

1-020-031

INVESTOR 10 203

REPRESENTATIVE

0040

DEALER
NUMBER

430

DEALER

STATEMENT DATE

JANUARY 25, 1969

BOARD OF DIRECTORS OF TVA
RETIREMENT SYSTEM TRUSTEE VOLUNTARY
RETIREMENT SAVINGS AND INVESTMENT
PLAN
104 OLD POST OFFICE BLDG
KNOXVILLE TENN

COURTS & CO
BOX 1295
ATLANTA 1 GA

37902

CURRENT TRANSACTION

DOLLAR AMOUNT
THIS TRANSACTION

735.49

SALES AND
CREATION CHARGE

INSURANCE
CHARGE

EXPENSE
REIMBURSE-
MENT

.50

CUSTODIAN
FEE

2.25

AMOUNT
INVESTED

732.74

DATE
MO. DAY

TRANSACTION

PRICE
PER SHARE

SHARES THIS
TRANSACTION

TOTAL
SHARES

01-01 BALANCE FORWARD

01-25 INCOME DIVIDEND @

.09

12.25

59.816

8,172.149

8,231.965

Dear Investor:

We are pleased to enclose the confirmation of shares added to your Puritan Accumulation Plan from the reinvestment of the income dividend of nine cents (9¢) per share which the Board of Directors of Puritan Fund, Inc. declared on January 3, 1969.

The total amount of your dividend was determined by the number of shares held in your Plan before January 8, 1969, the record date. From this total, the Custodian has deducted fifty cents (50¢) on all plans whose dividends are equal to \$1 or more. This charge represents the quarterly reimbursement for certain costs actually incurred by the Custodian on behalf of the investors. Your Puritan Accumulation Plans Prospectus specifies that the reimbursement may not exceed \$2 per year. Single Payment Plan investors should not confuse the reimbursement with the Custodian's service fee which has also been deducted from their dividends on a quarterly basis.

As your confirmation indicates, the net amount of your dividend was reinvested without sales charges today.

January 25, 1969

CROSBY PLANS CORPORATION

PURITAN *Accumulation* **PLANS**

SPONSOR: CROSBY PLANS CORPORATION
225 FRANKLIN STREET, BOSTON, MASSACHUSETTS 02110



TAB B

YEAR-TO-DATE CONFIRMATION STATEMENT

FIDELITY TREND
INVESTMENT PLAN

FOR SH. OF
FIDELITY TREND FUND, INC.
ALL INQUIRIES SHOULD
BE DIRECTED TO
CROSBY PLANS CORPORATION
225 FRANKLIN STREET
BOSTON, MASS. 02110

REFER TO ACCOUNT NUMBER
BELOW IN ALL CORRESPONDENCE

REPRESENTATIVE

DEALER
NUMBER

STATEMENT DATE

1-344-200
INVESTOR 10 202 L.O.I.

0040

430

JANUARY 29, 1969

DEALER

COURTS & CO
BOX 1295
ATLANTA 1 GA

BOARD OF DIRECTORS OF
TVA RETIREMENT SYSTEM TR
VOLUNTARY RETIREMENT
SAVINGS & INVESTMENT PLAN
104 OLD POST OFFICE BLDG
KNOXVILLE TENN

37902

CURRENT TRANSACTION

DOLLAR AMOUNT
THIS TRANSACTION

SALES AND
CREATION CHARGE

INSURANCE
CHARGE

EXPENSE
REIMBURSE-
MENT

CUSTODIAN
FEE

AMOUNT
INVESTED

42,000.00

420.00

41,580.00

DATE MO. DAY	TRANSACTION	PRICE PER SHARE	SHARES THIS TRANSACTION	TOTAL SHARES
01-01	BALANCE FORWARD			57,627.169
01-08	PURCHASE	27.98	159.221	57,786.390
01-13	PURCHASE	27.77	1,504.429	59,290.819
01-20	PURCHASE	28.28	143.529	59,434.348
01-27	PURCHASE	28.71 ✓	1,448.276 ✓	60,882.624

NEXT INVESTMENT

NUMBER AMOUNT DUE

CURRENT TOTALS

FACE PAID
AMOUNT TO DATE

STATUS OF ACCOUNT

CUSTODIAN: STATE STREET BANK and TRUST COMPANY, P. O. BOX 2296, BOSTON, MASS. 02107

FIDELITY TREND INVESTMENT PLAN



FOR SHARES OF
FIDELITY TREND FUND, INC.

ALL INQUIRIES SHOULD
BE DIRECTED TO

CROSBY PLANS CORPORATION
225 FRANKLIN STREET
BOSTON, MASS. 02110

STATEMENT DATE

DECEMBER 27, 1968

REFER TO ACCOUNT NUMBER
BELOW IN ALL CORRESPONDENCE

1-019-975
11-21-2

REPRESENTATIVE
G040

DEALER
NUMBER
430

INVESTOR

BOARD OF DIRECTORS OF
TVA RETIREMENT SYSTEMS TTEE
VOLUNTARY RETIREMENT SAVINGS &
INVESTMENT PLAN
104 OLD POST OFFICE BLDG
KNOXVILLE TENN

DEALER
COURTS & CO
BOX 1295
ATLANTA 1 GA

37902

CURRENT TRANSACTION

DOLLAR AMOUNT
THIS TRANSACTION

11,991.11

SALES AND
CREATION CHARGE

INSURANCE
CHARGE

EXPENSE
REIMBURSE-
MENT

2.00

CUSTODIAN
FEE

9.00

AMOUNT
INVESTED

11,980.11

DATE
MO. DAY

TRANSACTION

PRICE
PER SHARE

SHARES THIS
TRANSACTION

TOTAL
SHARES

01-01 BALANCE FORWARD

02-05 CAPITAL GAINS @ 3.14 30.28

12-27 INCOME DIVIDEND @ .58 31.43

1,942.471
381.168 ✓

18,731.849

20,674.320

21,055.488

Shares held at 12/1/68 20,674.320

Dividends

\$ 11,991.11

Dear Investor:

We are pleased to enclose a confirmation of the shares added to your Fidelity Trend Investment Plan from the reinvestment of the year-end income dividend of fifty-eight cents (58¢) per share which the Board of Directors of Fidelity Trend Fund, Inc. declared on December 3, 1968.

The total amount of your dividend was determined by the number of shares held in your Plan before December 6, 1968, the record date. From this total, the Custodian has deducted \$2 on all Plans whose dividends are equal to \$3.00 or more. This charge represents the annual reimbursement for certain costs actually incurred by the Custodian in behalf of the Investors. Your Fidelity Trend Investment Plans Prospectus specifies that the reimbursement may not exceed \$2 per year. Single Payment Plan Investors should not confuse the reimbursement with the Custodian's service fee which has also been deducted from their dividends on an annual basis.

As your confirmation indicates, the net amount of your dividend was reinvested without sales charges today.

December 27, 1968

CROSBY PLANS CORPORATION



FIDELITY TREND INVESTMENT PLANS
SPONSOR...
CROSBY PLANS CORPORATION

		V	CF	
NAME	EMP. NUMBER	PAYROLL	SOC. SEC. NO.	

I hereby authorize payroll deductions for the Pension Trust Plan as indicated below:

Plan A Fidelity Trend Dollars

Plan B Everest Fund Dollars

Plan C Dollars

Plan D Dollars

Total Deduction Dollars

Cancel all payroll deductions
Pension trust

Withdrawal of
Equity requested

Signature _____ Date _____

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Next 1 Page(s) In Document Denied

ORIGINAL USE ONLY

DD/S

69-3407

Executive Registry

69-3895

24 July 1969

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Task Force Report for Period Ending 24 July 1969

1. Since my last report to you, considerable progress has been made by the Special Task Force to establish a Voluntary Employee Savings and Investment Plan. Specifically:

a. Investment Media. Agreement has been reached by Task Force members to recommend we offer Fidelity Trend Fund and Fidelity Everest Fund as the initial investment media in the Plan. This conclusion follows meetings with Insurance Company of North America (INA) officials and a meeting in Boston with the Fidelity and Crosby (Fidelity Marketing) groups.

STAT

b. Trust Agreement. [redacted] has further refined the draft Trust Agreement. It has been sent to INA and to Fidelity for comments by their legal counsels. All Task Force members are satisfied with the Trust Agreement as it stands.

STAT

c. Subaccounting. [redacted] is now drafting the subaccounting plan and expects to have it ready by about 1 August for incorporation in the draft Plan. He believes that, as in the TVA case, the subaccounting will best be handled internally by the Agency.

STAT

2. When the subaccounting plan is finished, I have asked [redacted] to put together the "actionable plan" called for in your 22 January 1969 memorandum setting up the Task Force, and not to wait until my return from Woods Hole on 10 August. I am satisfied that Task Force members have thoroughly reviewed the options and are in agreement on the main features of the Plan. We anticipate this Plan should be in your hands early in August for forwarding to Colonel White, if you approve.

STAT

Chairman

Task Force on Employee Pension Trust

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